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Contact: CMS Press Office
(202) 690-6145

HHS TO HELP STATES CREATE HIGH-RISK POOLS TO INCREASE ACCESS TO HEALTH COVERAGE

HHS Secretary Tommy G. Thompson today announced a new program to help states create high-risk pools that will provide health coverage to individuals who otherwise would have difficulty obtaining coverage because of their health status.

“This is the first time that federal funding assistance has been available for high risk pools,” Secretary Thompson said. “These pools have proven to be an effective mechanism to provide comprehensive health coverage to individuals who are unable to get health insurance in the private market because of poor health.”

A high-risk pool typically is a state-created non-profit association that offers health coverage to individuals with pre-existing health conditions. Enrollment in these pools is growing, with more than 153,000 individuals enrolled in state pools. Individuals in the pools can be self-employed or work for small businesses that do not provide health insurance group coverage.

Under the new program, HHS’ Centers for Medicare & Medicaid Services (CMS) will provide seed grants to states to support the creation of high-risk pools. Funding for these grants was provided in the Trade Act of 2002.

The grants are available to states that did not have a “qualified” high-risk pool as of Aug. 6, 2002 -- the date President Bush signed the Trade Act law. The grants are to be used to create “qualified” pools. The criteria for a “qualified” risk pool are taken from the Public Health Service Act, which requires among other things, that the pool provide coverage to all individuals who are guaranteed coverage through the Health Insurance Portability and Accountability Act of 1996.

Secretary Thompson today sent letters to the governors of eligible states to encourage them to take advantage of this new opportunity to expand access to coverage. A total of 27 states and the District of Columbia could be eligible to apply for grants of up to \$1 million each for the creation and initial operations of a qualified high-risk pool.

The Trade Act appropriated \$20 million for these initial grants. In addition, the Trade Act appropriated another \$80 million over two years to offset a portion of losses incurred by states from operating “qualified” risk pools. Details about applying for those funds will be released in the near future.

“The Bush Administration has been working aggressively to provide health insurance coverage for more and more Americans,” said Tom Scully, CMS administrator. “By giving states the seed money to set up these pools, we will be able to help people who have lost their health insurance or are at risk of having no health insurance coverage.”

More information about the high-risk pools is available at www.cms.hhs.gov/riskpool.

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Note: All HHS press releases, fact sheets and other press materials are available at www.hhs.gov/news